

# FISCAL NOTES

AUGUST REVENUE (IN MILLIONS): SALES TAX: \$1,991.4 OIL PRODUCTION: \$150.0 NATURAL GAS: \$114.1 MOTOR FUELS: \$259.4 MOTOR VEHICLE SALES: \$317.1 TOBACCO: \$197.0

## Texans On the Fire Line

*Volunteer firefighters a mainstay,  
but demand pushes more hiring. **SEE PAGE 10***

### INSIDE STORIES

Fast-growing, high-paying industries	3
Drought costs billions	6
High-stakes fishing on Texas lakes	8

## LETTER FROM THE COMPTROLLER



WE'VE FINALLY seen off a brutal summer here in Texas — a dry, scorched summer tinged with the smell of smoke. Fires across the state have destroyed thousands of homes and aren't entirely beaten yet.

In this issue, we look at Texans who spend their days and nights defending their neighbors against fire. It's a dirty and dangerous job, and many do it as unpaid volunteers.

Much of Texas still relies on volunteer firefighters, brave men and women who answer the call whenever fire threatens the lives and property of their neighbors. But today, many communities are moving from the volunteer model to full-time, professional departments. We look at the factors driving those decisions and what they mean for Texans.

We also examine the enormous costs of the drought of 2011. It's officially the driest single year for Texas since record-keeping began, costing the state billions in agricultural losses — and it will have other, equally far-reaching effects.

On a happier note, we examine some of the hottest sectors of the Texas economy — industries that are posting some of the state's highest job growth rates and pay above-average wages.

And of course, despite the heat, millions of Texans really do love summer and wouldn't think of wasting a weekend indoors. For some, that means baiting a hook and trying to catch one of those five-pound bass that Robert Earl Keen sings about. For others, it means heading to one of the many inviting urban oases that our cities have to offer. If reading about fishing tournaments and



Texas' green infrastructure gives you the urge to join 'em, well, our work here is done.

Because, to borrow an old phrase, dogs and hard-working, hard-playing Texans do go out in our noonday sun. Just don't forget the hat and sunscreen.

*Susan Combs*

## ACROSS TEXAS

► The city of **Eastland** in North Texas has received a \$1 million grant from the U.S. Economic Development Administration to further construction of a 92-acre "Green Campus" business park.

► **Zachry Hospitality Corporation**, owner of San Antonio's Hilton Palacio del Rio, has begun work on a \$33 million facelift and modernization for the signature Riverwalk property.

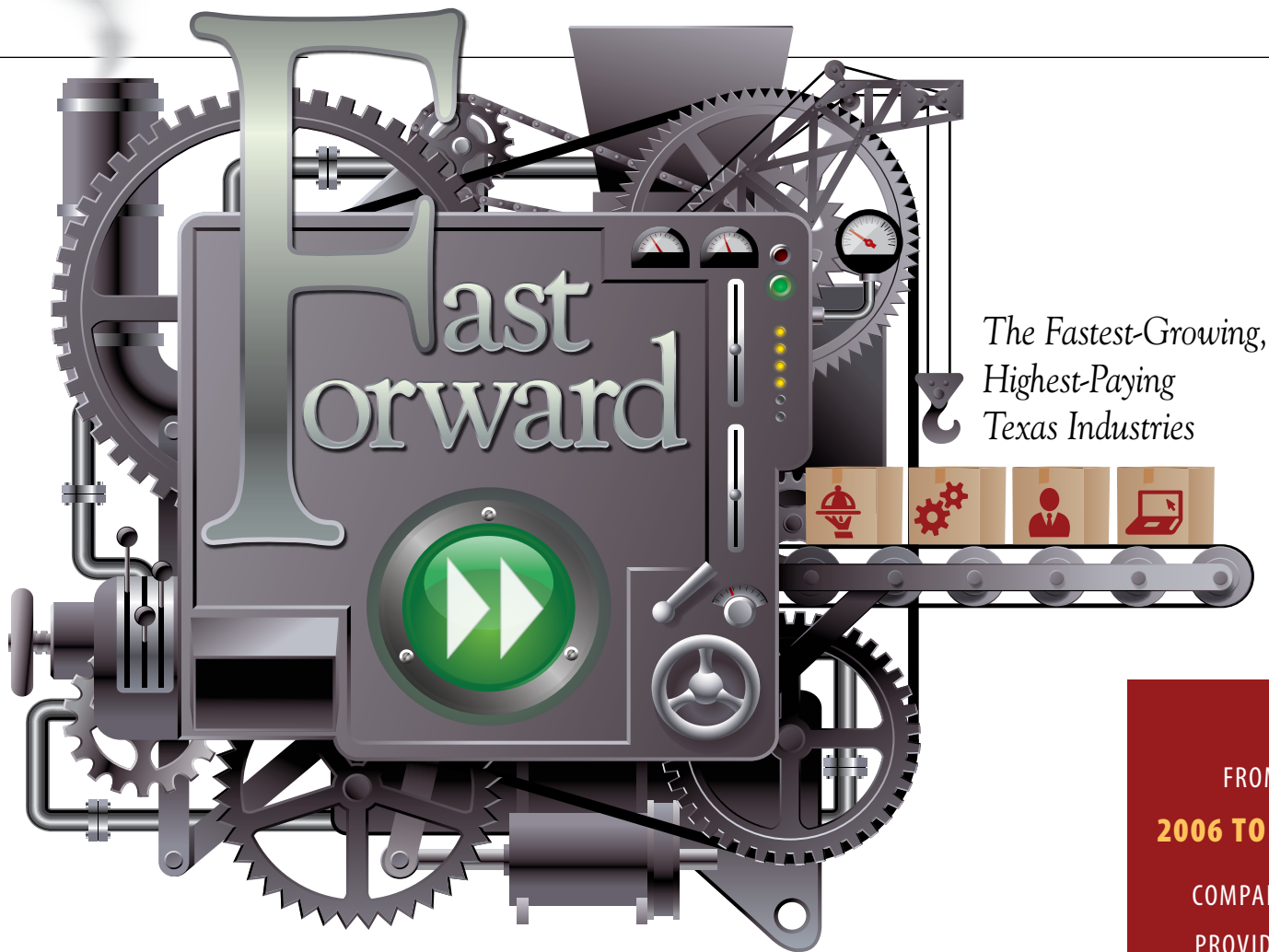
► In September, the **Children's Hospital at Scott & White** opened in Temple. The new facility is the result of a \$40 million renovation of the former King's Daughters Hospital. Area officials expect it to pump \$66 million a year into the local economy.

► **J.P. Morgan Chase** plans to add about 700 additional jobs at its mortgage servicing center in Lewisville.

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BY MARK WANGRIN/BRUCE WRIGHT

It's no secret that Texas is dominating job creation in the U.S., despite a still-weak national economy. But what industries are growing fastest and paying the most?

In this issue, *Fiscal Notes* takes a look at some of the state's fastest-growing industries that offer better-than-average wages, defined as pay exceeding the state average of \$902 weekly in 2010. We define industries according to the federal government's North American Industry Classification System, while growth figures for the years 2006 through 2010 come from statistics maintained by the Texas Workforce Commission (TWC).

#### ENERGY STAYS STRONG

Generally high energy prices helped Texas' oil and gas-related companies grow rapidly in the last five years, providing valuable support for the state during a recessionary period.

Employment in oil and natural gas extraction rose by 15.6 percent or more than 11,000 jobs between 2006 and 2010, registering the fourth-highest growth among industries in percent terms and fifth-highest by the number of additional jobs created. Average weekly wages of \$3,273 in 2010 were the highest among the fastest-growing industries, more than tripling the overall state average.

Related pursuits were buoyed as well. Support activities for mining — the various service companies needed to drill and maintain oil and gas wells — added 9,565 jobs from 2006 to 2010, for a total growth of 9.2 percent. The industry ranked seventh-highest in terms of numerical growth and ninth for percent growth, and produced average weekly wages of \$1,639, well above the state average.

Another related industry, pipeline transportation, added 2,123 jobs for a

15.4 percent growth rate, fifth-highest in percentage terms. These jobs paid average wages of \$2,497 a week.

It's also important to note that TWC's numbers don't reflect contract workers, who do not receive benefits and typically are not covered in official government estimates. According to David Green, research analyst with the Comptroller's office, energy companies often use contract workers to contain operating costs in lean fiscal times.

"Including contract workers produces an even brighter picture of overall employment in the oil and gas industry," Green says.

#### MEDICAL, TECHNICAL SKILLS SOUGHT

Jobs in health services are another important element in Texas' employment growth, due mostly to a growing and aging population.

*Continued on page 4*

FROM  
**2006 TO 2010,**  
COMPANIES  
PROVIDING  
**PROFESSIONAL,  
SCIENTIFIC  
AND TECHNICAL  
SERVICES**

ADDED  
**43,692  
TEXAS JOBS**

THAT PAID  
AN AVERAGE OF

**\$1,412**

WEEKLY IN 2010.

Hospitals in particular are large, rapidly growing employers in the state. According to TWC, hospitals created an additional 41,653 jobs from 2006 to 2010, an 11.5 percent growth rate. Hospitals were the second-biggest source of numerical job growth, and paid an average of \$1,015 weekly in 2010.

The largest numerical gain between 2006 and 2010, however, came from professional, scientific and technical services, a broad range of companies that, according to the U.S. Census definition of this category, involve "production processes that are almost wholly dependent on worker skills," often requiring college degrees.

This industry led all others in increasing job count between 2006 and 2010, generating nearly 44,000 additional positions for total growth of 8.3 percent. The demands of these positions are reflected in above-average weekly wages of \$1,472 in 2010.

#### BUSINESS AND INVESTMENT

Another rapid-growth area for jobs was the management of companies and enterprises. This category, something of a catch-all, includes holding companies

(companies that exist primarily to invest in other companies) as well as jobs in corporate, subsidiary and regional managing offices that involve services such as accounting, bookkeeping, billing, legal services, marketing, advertising and personnel management.

The category added 23,212 net jobs between 2006 and 2010, and led all others in growth rate, expanding by 41.4 percent over five years. It also pays more than twice the average Texas weekly wage, at \$1,922.

Employment in financial investment and related activities, including underwriters, brokers, investment advisors and portfolio managers, added 5,310 jobs from 2006 to 2010, for a total growth rate of 12.4 percent. This performance placed the industry on the top 10 list in both numerical and percentage growth. Its average weekly pay of \$2,604 in 2010 was nearly three times as high as the average state wage. **FN**

For more data on Texas employment, visit the Texas Workforce Commission's Labor Market & Career Information Department at <http://www.tracer2.com>.

#### FASTEST-GROWING INDUSTRIES BY TOTAL JOBS ADDED, 2006-2010

INDUSTRY	TOTAL CHANGE 2006-10	PERCENT CHANGE 2006-10	AVG. WEEKLY WAGES, 2010
Professional, Scientific and Technical Services	43,692	8.3%	\$1,472
Hospitals	41,653	11.5%	\$1,015
Management of Companies and Enterprises	23,212	41.4%	\$1,922
Justice, Public Order and Safety Activities	17,922	8.8%	\$1,028
Oil and Natural Gas Extraction	11,052	15.6%	\$3,273
Administration of Economic Programs	9,971	40.2%	\$907
Support Activities for Mining	9,565	9.2%	\$1,639
Electronic Markets and Agents/Brokers	8,886	16.6%	\$1,671
Utilities	6,259	8.5%	\$1,417
Financial Investment & Related Activity	5,310	12.4%	\$2,604
<b>State Total</b>	<b>270,071</b>	<b>2.7%</b>	<b>\$902</b>

Source: Texas Workforce Commission

#### NURSES NEEDED

**A**s the Texas economy grows, workers will be needed in all sorts of positions, but one profession stands out — nursing.

Using data provided by Economic Modeling Specialists Inc. (EMSI), we examined job projections for the next decade, focusing on the fastest-growing occupations requiring at least an associate degree. Registered nurses (RNs) topped the list, with a projected gain of 50,756 jobs in the decade ending in 2020, an increase of 30 percent from 2010.

Filling these slots could be challenging, given an ongoing shortage of nurses in Texas. But the state has taken steps to prevent the shortage from becoming critical, says Clair Jordan, executive director of the Texas Nurses Association.

"Since 2003, when the Legislature passed the Nursing Shortage Reduction Act, Texas has been investing in nursing," Jordan says. "In 2009, the Legislature invested more than \$44 million in special funding for nursing education that allowed nursing schools in Texas to increase enrollment and improve graduation rates."

It seems to have paid off; according to the Texas Center for Nursing Workforce Studies, first-year enrollments in Texas RN programs rose by nearly 16 percent in 2010.

In 2011, the Legislature appropriated another \$30 million for nursing education. Such commitments will be necessary to keep pace with the need for nurses, Jordan says.

**"In 2009, the Legislature invested more than \$44 million in special funding for nursing education."**

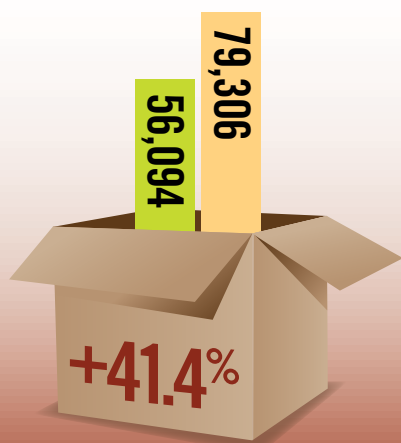
— Clair Jordan,  
executive director of the  
Texas Nurses Association



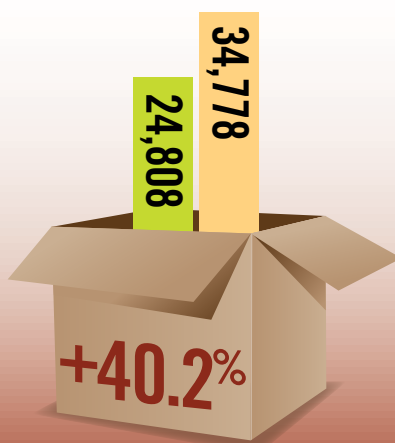
Texas leads all other states in job creation. Here are some of the fastest-growing industries paying better-than-average wages.

## FASTEST-GROWING INDUSTRIES BY PERCENT INCREASE IN EMPLOYMENT, 2006-2010

■ TOTAL TEXAS EMPLOYMENT 2006  
■ TOTAL TEXAS EMPLOYMENT 2010



Management of Companies and Enterprises



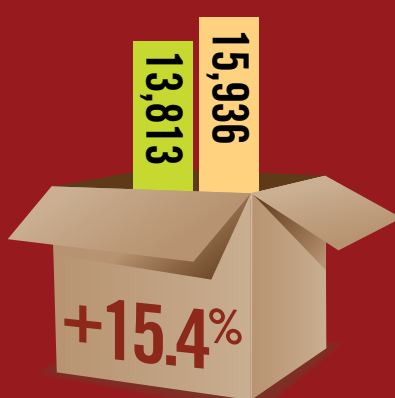
Administration of Economic Programs



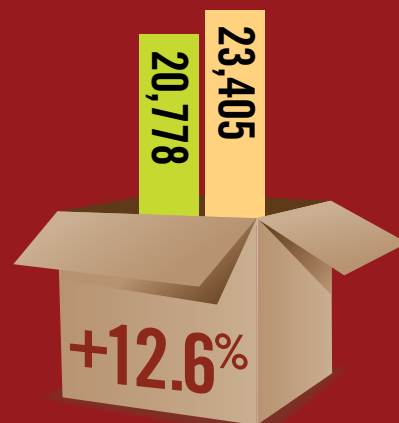
Electronic Markets and Agents/Brokers



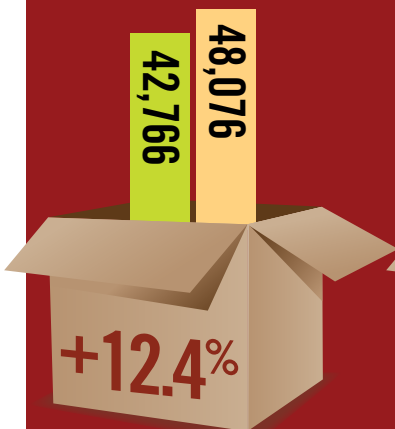
Oil and Gas Extraction



Pipeline Transportation



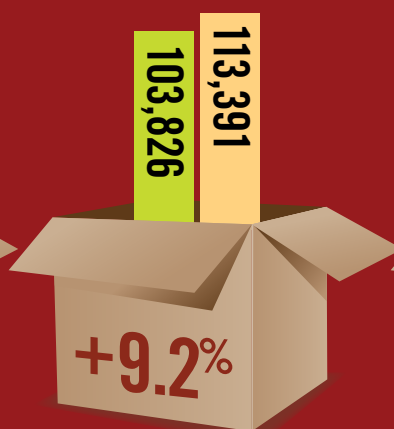
Performing Arts and Spectator Sports



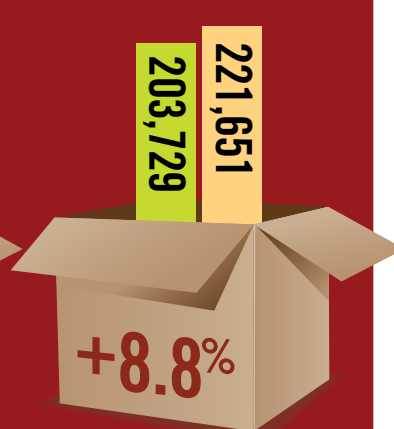
Financial Investment and Related Activity



Hospitals



Support Activities for Mining



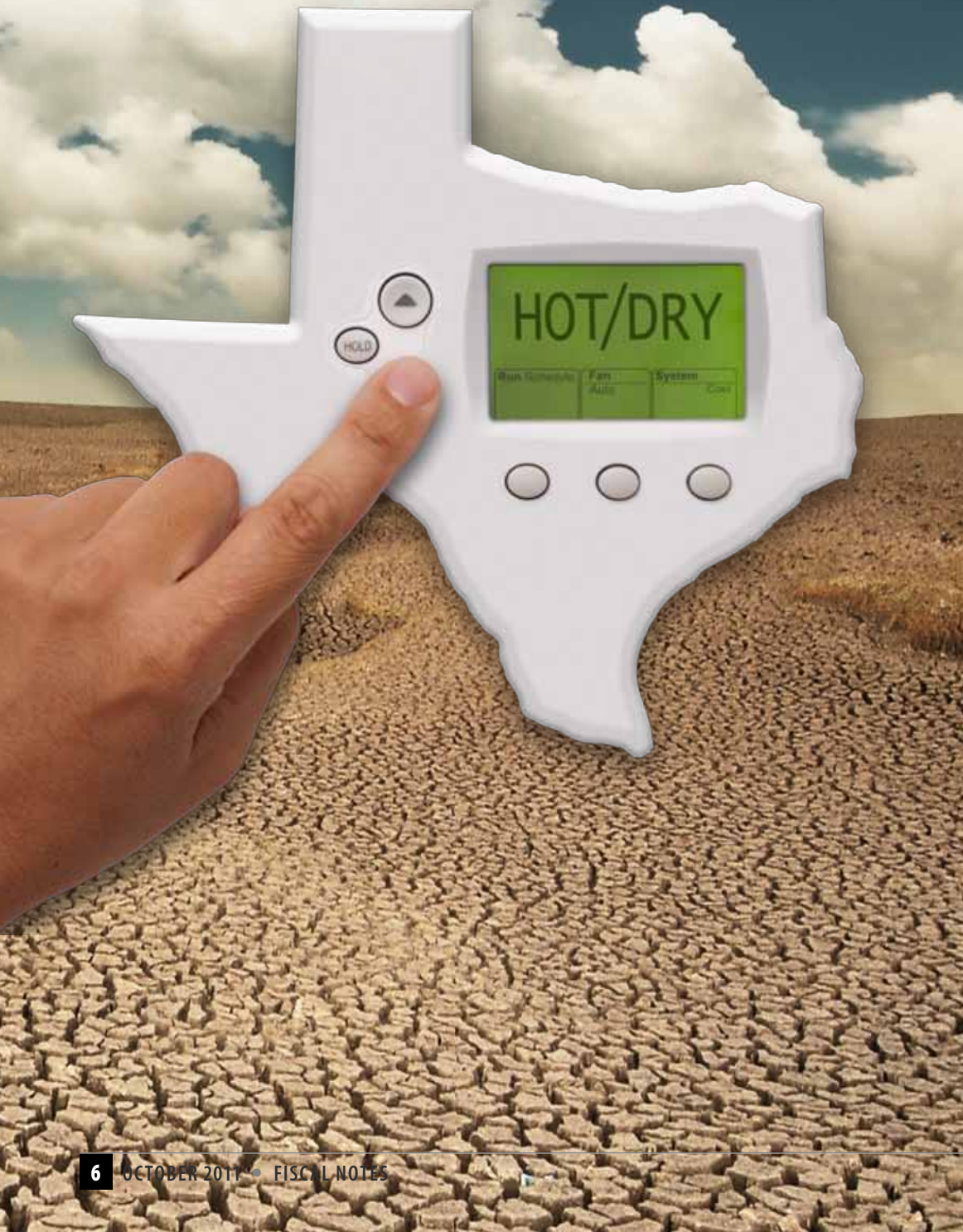
Justice, Public Order and Safety Activities



# The Long(est), Hot(test) Summer

BY BRUCE WRIGHT

*History-Making Drought Slams Texas*



If you live in Texas — and you ever go outside — you know that the summer of 2011 was particularly brutal, snapping records for high temperatures on a near-daily basis. And you know it's been dry. Very dry, in fact.

In August, Texas State Climatologist John Nielsen-Gammon made it official, calling 2011 the worst single drought year in Texas history. And the dry spell has taken a multi-billion-dollar toll on the state economy.

## **DISASTER FOR AGRICULTURE**

According to the Texas AgriLife Extension Service, much of the state actually entered the current drought in September 2010, in response to an “unusually strong” La Niña weather pattern in the eastern Pacific Ocean (see sidebar).

A dry winter gave way to a parched spring, with wildfires in April and May burning more than 3 million acres across Texas, destroying both crops and forage for cattle. (The fires returned in August, bringing the total to nearly 4 million acres at this writing.)

**2011 is the worst single drought year in Texas history.**

As spring became summer, the heat ratcheted up and the rain stayed away. And agricultural losses continued to mount.

In late June, the federal government recognized the entire state as a disaster area. By then, the winter wheat crop had been slashed in half, and it soon became apparent that other crops, including corn, sorghum and cotton, were being devastated as well.

“The heat is so strong, irrigation can’t even keep up,” says James Deatherage, general manager of the Producers Cooperative Association in Bryan. “Crop yields all over Texas are terrible.”

In the Texas High Plains, many cotton farmers simply left their crops to die in the field. The U.S. Department of Agriculture’s Farm Service reports that

"The heat is so strong,  
irrigation can't  
even keep up."

— James Deatherage,  
general manager of the Producers  
Cooperative Association  
in Bryan

more than half of the region's cotton crop is being written off in this way.

The Extension Service estimates the year's losses at \$1.8 billion for the Texas cotton crop, usually one of the world's largest, as well as \$327 million for corn, \$243 million for wheat and \$63 million for sorghum. One crop loss in particular, however, had immediate and far-reaching impacts: a \$750 million loss of the year's hay production.

#### **CATTLEMEN ON THE BRINK**

Ranchers have already used last year's hay crop, and little will be produced this year, meaning much higher costs for those who are struggling to keep their herds alive.

"Producers are facing very high prices on feed and fuel," Deatherage says. "We're feeling staggering inflation in agricultural commodities."

But water may be an even bigger problem, as many ponds and stock tanks have gone bone-dry.

"You can haul feed, but not water," Deatherage says. "It's just not feasible to haul water to pastures or to dig a well at pasture. You just don't have many choices in these conditions."

And as they've run out of options, many Texas ranchers have opted to cut their losses, with what Deatherage calls "the greatest selloff of cows ever." So many Texas cattle went up for sale in summer 2011 that Texas brokers struggled to accommodate them all.

Jim Schwertner is owner of Capitol Land and Livestock, one of the nation's largest livestock dealers. Schwertner says the volume of cattle passing through his sales has doubled. "It's the most significant change I've seen in my lifetime," he says. "When you start

liquidating the market — the cattle, in this case — that's serious, and that's where we are now."

In August, the AgriLife Extension Service estimated 2011 losses to Texas cattle ranchers at an astonishing \$2.06 billion, bringing the service's total estimate for direct agricultural losses due to the drought to \$5.2 billion. And some think that number will climb further before year's end.

#### **DRY STATE BLUES**

Of course, the costs of the drought will greatly exceed direct losses to farmers and ranchers. The \$5.2 billion estimate doesn't include the impact to the cotton gins and elevators, fuel distributors, equipment dealers and others who serve the agricultural community. And it doesn't begin to touch losses that go beyond agriculture.

Throughout the state, slumping water levels in lakes, rivers and streams have interfered with boating, swimming, tubing and fishing, hitting recreational businesses in what would normally be their high season.

The Texas Water Development Board reported that Lake Travis in the Hill Country was at 36 percent of its capacity in October. Lake Meredith, near Amarillo, is virtually empty; its last marina closed months ago. O.C. Fisher Reservoir in San Angelo State Park is almost gone, stagnant and red as blood from bacteria that thrive in oxygen-poor water.

Texas' communities, too, are being forced to cope with increasingly restricted water supplies. According to the Texas Commission on Environmental Quality, more than 500 of Texas' public water systems had invoked mandatory restrictions as of mid-August 2011. And the hot weather and shrinking, dried-out soil have caused a sharp increase in the number of broken water mains local governments have to fix.

#### **WHEN WILL IT END?**

Unfortunately, the outlook for next year is... iffy at best.

As of mid-October, the National Weather Service put the odds of La Niña conditions returning in 2012 at about even, although with less severity than this year's.

In a recent blog post at the *Houston Chronicle* website, the state climatologist said that "it's likely that much of Texas will still be in severe drought this time next summer, with water supply implications even worse than those we are now experiencing."

State and local policy leaders, farmers and ranchers, experts on water policy, take note: Texans have proven their mettle in tough times before. We may be getting another chance now.

Texas has a detailed regional water planning process, overseen by the Texas Water Development Board. If the drought wears on, the process is likely to become more difficult — and more vital. It will also bring new urgency to the state's need to maintain and expand its water infrastructure — the reservoirs, pipelines and water treatment facilities needed to serve a rapidly growing state.

If the drought of 2011 focuses public attention on Texas' long-term water needs, it may have done some good after all. **FN**

The Office of the Texas State Climatologist provides regularly updated information on the Texas drought and Texas weather patterns at <http://atmo.tamu.edu/osc>.

#### **WHAT IS LA NIÑA?**

A La Niña is a weather pattern prompted by unusually cool surface temperatures in the tropical Pacific Ocean. Its opposite is the El Niño, spurred by warmer waters. The cycle between the two phenomena, commonly called the El Niño/La Niña-Southern Oscillation, or ENSO, has major impacts on our weather.

La Niña periods typically mean warmer temperatures and dry conditions for the American Southwest, while bringing cooler temperatures and rain in northern states. La Niña events also have been associated with more active hurricane seasons.

It's not just Texas that can suffer during a La Niña — the 2011 cycle brought torrential rain and extensive flooding to eastern Australia.

#### **THE DROUGHT'S TOLL**

In August, the Texas AgriLife Extension Service estimated Texas' direct agricultural losses from the 2011 drought at

**\$5.2  
BILLION.**

THOSE LOSSES INCLUDE:



LIVESTOCK:

**\$2.06 BILLION**



HAY PRODUCTION VALUE:

**\$750 MILLION**



COTTON:

**\$1.8 BILLION**



CORN:

**\$327 MILLION**



WHEAT:

**\$243 MILLION**



SORGHUM:

**\$63 MILLION**

... in addition to losses from fruit and vegetable producers, horticultural and nursery crops and other grain and row crops.



BY CLINT SHIELDS

# Hooked on Tournament Fishing

## Anglers Compete on Texas Lakes

Whether it's a warm summer evening or a misty morning in early spring, Texas anglers will find a reason to be on the water. In 2006, Texas freshwater fishing generated more than \$2.4 billion in retail sales and more than \$227 million in state and local tax revenues, according to the most recent data available from the Texas Parks and Wildlife Department (TPWD). The industry also supported more than 33,000 jobs.

Those expenditures involved a lot more than licenses and bait and tackle. Enthusiasts spend money on fuel, food and lodging as they travel to and from their favorite fishing holes — and they'll spend more if they're coming for a fishing tournament.

### TOURNEY TIME IN TEXAS

In just about any sport, Texans will compete with all comers to be the best at what they do. Fishing is no exception, and with hundreds of fisheries across the state, they're up to a challenge on almost any weekend.

Texas' Sam Rayburn Reservoir is a particularly popular setting for fishing tournaments, hosting as many as 400 annually, most of them amateur events. At more than 111,400 acres, Sam Rayburn is one of the largest reservoirs in the southeastern U.S., and a premier fishing destination. According to a 2007 TPWD survey, more than 52 percent of Rayburn's anglers participate in fishing tournaments. Their expenditures on and around the lake topped \$23 million in that year, generating a total economic value of \$31 million.

The reservoir plays host to a variety of tournaments.

"They range from small, one-day events sponsored by local clubs to large, multi-day events that bring in competitors from across the country," says Todd Driscoll, a TPWD fisheries biologist at Sam Rayburn. "Most of them, however, are weekend, amateur-level tournaments with competitors who are in it to have a good time."

The Sealy Outdoors/McDonald's Big Bass Splash, which Driscoll says is probably the world's largest amateur bass tournament, drew almost 4,000 participants to Sam Rayburn in 2007.

"With that level of participation, out-of-pocket expenditures were \$6.3 million and the total value of the event was \$8 million," he says.

For large professional events, you need a big stage. Rayburn provides that, as do other lakes in Texas such as Toledo Bend, Lake Falcon, Lake Conroe and others. All have hosted professional tournaments in the past.

"For major events, you're talking about 50 to 300 boats on the water," Driscoll says. "If a lake is less than 15,000 to 20,000 acres, it gets really crowded."

Smaller, semi-pro circuits regularly fish our waters, and the top-flight tours such as the Bass Angler Sportsman Society (BASS) Elite Series, FLW Outdoors Tour and the Professional Anglers Association (PAA) have held successful events in Texas, with the PAA recently making annual stops in the Lone Star State.

"Those schedules are set annually, and the events are often recruited by local communities and chambers of commerce because they bring dollars with them," Driscoll says. "It's based on the quality of the fishery, yes, but also on economics."

In late June, the FLW Tour announced it would return to Sam Rayburn in October 2012. The reservoir and surrounding area have what a larger touring series needs in terms of size and support.

Fishing expenditures involve a lot more than licenses and bait and tackle.

Pages 8-9: Scenes from the Toyota Texas Bass Classic held on Lake Conroe.



As they did in the previous two years, the best pros on the PAA, BASS and FLW tours will meet in October 2011 at Lake Conroe, to compete in the Toyota Texas Bass Classic (TTBC). The top 15 competitors from each tour, along with the defending event champion and four participants selected by Toyota, will round out a 50-competitor field for three days of competitive bass fishing, a pro-am tournament, concerts and more.

The fact that this the tournament is returning for its third consecutive year speaks volumes about what the lake has to offer.

"I was a bit of a naysayer on the idea at first and wasn't sure how it would benefit us," laughs Harold Hutcheson, manger of the Conroe Convention and Visitors Bureau. "It's unprecedented for them to come to the same lake even two years in a row, but when they called us for a third straight year, I was blown away. It's a great thing for our community."

The city of Conroe uses \$25,000 in hotel occupancy tax to help TTBC promote the event, which generates more than \$650,000 in spending during its three-day run.

"Using that occupancy tax allows a small community like ours to promote itself as a vacation destination, using money spent by business travelers and visitors instead of from our own citizens," Hutcheson says.

"Lake Conroe has given the best 50 anglers in bass fishing a lot of action on the water, and our fans suspenseful competition," says tournament director Lenny Francoeur. "The success of the TTBC is directly measured by the people of Conroe coming out and supporting the environmental initiatives of Texas Parks and Wildlife. We are looking forward to another great year."

"At the tour level, we launch 150 boats and travel with an outdoor expo that is typically held in a large arena or convention center," says Julie Huber with FLW Outdoors. "We select venues based on the fishery and whether or not there are big enough facilities to support our tour." **FN**

Read more about the Sam Rayburn Reservoir online at [www.tpwd.state.tx.us/fishboat/fish/recreational/lakes/sam\\_rayburn](http://www.tpwd.state.tx.us/fishboat/fish/recreational/lakes/sam_rayburn) and [www.swf-wc.usace.army.mil/samray](http://www.swf-wc.usace.army.mil/samray).

Professional fishing tour schedules, television appearances and fishing tips are available at [www.bassmaster.com](http://www.bassmaster.com), [www.flwoutdoors.com](http://www.flwoutdoors.com) and <http://fishpaa.com>.

IN 2006, TEXAS FRESHWATER FISHING  
GENERATED MORE THAN  
**\$2.4 BILLION**  
IN RETAIL SALES AND MORE THAN  
**\$227 MILLION**  
IN STATE AND LOCAL TAX REVENUES



Photos courtesy of Chris Keane Photography.

#### BILLS FOR GILLS

The 2011 Texas Legislature covered plenty of ground — and some watery issues as well. Two new laws concern Texas fishing.

**House Bill (H.B.) 1806** expands an existing law against fraud in Texas freshwater fishing tournaments to saltwater events as well. Under the revised law, a person commits an offense if, with the intent of affecting the outcome of a fishing tournament, he or she:

- provides, sells or offers a fish to a tournament participant for the purpose of misrepresenting it as being caught by the participant;
- accepts or agrees to accept a fish from another person for the purpose of misrepresenting it as being caught by a participant;
- misrepresents a fish as being caught as part of the tournament when it was not; or
- alters the length or weight of a fish in a way that misrepresents its original length or weight.

An offense under this law is a Class A misdemeanor unless the prizes to be awarded for one category are worth \$10,000 or more in money or goods, at which point it becomes a third-degree felony.

"Fishing fraud is an interesting subject, made even more so when total prize packages can easily be in the \$100,000 range,

with prizes such as bass boats that can exceed \$50,000," says the bill's author, Rep. Dan Flynn. "H.B. 1806 is an important piece of legislation because it closes the loopholes involved in prosecuting those who commit fraud in fishing tournaments."

**H.B. 2189** legalizes hand fishing for catfish, often called "noodling." The practice, which had been illegal in Texas, generally targets "trophy" catfish weighing 20 pounds or more. The bill generated a fair amount of discussion inside and outside of the Capitol, as well as throughout the Internet.

"My initial reaction was 'Why do we need it?'" says Rep. Gary Elkins, the bill's author. "When I found out it was illegal, I found that outrageous. Why would the state of Texas feel it necessary to tell anyone that they could not catch a fish with their hands?"

"Since filing the bill, it's taken on a bit of a life of its own," Elkins says. "I had no idea that it would be such a popular bill and generate such widespread interest across the state."

One area of concern centers on the catfish's spawning season, generally spring in Texas, when the fish tend to hover over their eggs in a riverbank or fallen log, making them fairly easy targets for noodling. To that end, Texas Parks and Wildlife may implement hand fishing seasons, stamps and bag limits.

# Texans On the Fire Line

*Volunteer firefighters a mainstay,  
but demand pushes more hiring.*

The tinder-dry conditions gripping Texas in 2011 have put firefighting and fire prevention efforts at the fore of public and political attention. At the end of June, the federal government acceded to Texas' request for disaster status, in response to more than 3 million acres burned during the previous seven months.

Texas emergency response, including firefighting, is achieved through a complex patchwork of professional and volunteer resources comprising tens of thousands of men and women. And during the headline-grabbing wildfires that indiscriminately burn thousands of acres for days or weeks, it's often volunteers who risk their lives to protect their neighbors' property and homes.

## **STRETCHED RESOURCES**

At Possum Kingdom in Palo Pinto County, the "PK Complex" fire charred more than 126,000 acres over a three-week period before firefighters contained the blaze on April 28, according to Texas Forest Service (TFS) reports. More than 160 homes and two churches burned.

Mineral Wells Volunteer Fire Department (MWVFD) personnel were among the hundreds of firefighters deployed at PK.

"We pretty well had a truck out there every day for 12 to 14 hours or longer," says Palo Pinto County Fire Marshal Steve Perdue, a retired schoolteacher who has served as MWVFD Chief for 15 of the 35 years he has been a firefighter. MWVFD is among 11 volunteer and combined volunteer and professional departments protecting Palo Pinto County.

"Everybody in this county was pulled down to just the bare basics of covering their home territory in terms of equipment and people," Perdue says. "When I put three brush trucks on the PK fire, I had only one covering my area."

The emergency also limited the volunteers' ability to provide support



for the city of Mineral Wells' paid fire and emergency medical services (EMS). Chief Robin Allen says that the two departments share facilities, but have separate service responsibilities, budgets, equipment, leadership structure and training requirements.

"When a structure fire comes in, we are very lucky to have the volunteers to call on," she says. "And part of our paid staff is considered volunteer when they are off-duty [and respond with the volunteers to calls]."

Being tax-supported, the city's fire department is better situated to buy specialist equipment. Allen said her department responded to Chief Perdue's request to deploy the city's command center, a support trailer that could refill air tanks for firefighters tackling the many structure fires at the massive PK blaze.

#### FUNDING FOR FIREFIGHTING

The cost of fire prevention in Texas would be much higher without the efforts of almost 35,000 Texans who are members of the state's 1,497 fully volunteer fire departments (VFDs) and 292 combined volunteer and paid departments. Those combination departments have about 6,200 paid firefighters, while the state's 139 fully paid departments have more than 19,500 firefighters primarily focused on protecting the state's municipalities, according to Texas Forest Service records.

While some state and federal grant funding is available for fire departments, most fire protection is funded at a local level through taxation or donations.

Funding for fire protection varies widely across the state, although the proliferation of VFDs serving rural communities, particularly in sparsely populated regions, means that almost all areas across the state have at least basic firefighting equipment — and firefighters willing to use it.

And that's despite the fact Texas has no legal requirement for cities or

counties to provide fire protection, according to Russell Gallahan, a regional economic development specialist for the Comptroller's office. State law permits cities and counties to provide fire protection and either levy a tax to pay for it or contract with an emergency services district (ESD), and/or fire department, he adds.

Since 2007, moreover, the Texas Intrastate Fire Mutual Aid System (TIFMAS) has provided a voluntary assistance system that allows fire departments to call for help from other areas of Texas when they need it, says Texas Forest Service spokeswoman Linda Moon.

"In the first six months of 2011, 354 fire trucks and 918 firefighters — constituting 142 fire departments — have participated in the mutual aid response effort," she says.

#### THE TIPPING POINT

As the population grows, so does the demand for fast, reliable emergency service response. Incorporated communities can dedicate part of their general fund spending to fire protection. In unincorporated, often rural areas, where water lines and hydrants

are less common and calls are less frequent, financing emergency services takes a different route. Typically, such areas rely on volunteers, fundraisers and donations unless their voters approve the creation of an ESD to levy either a property tax or sales tax to fund fire protection or ambulance services.

"Certainly, there are a pretty good number of volunteer departments switching to a combination of volunteer and paid firefighters because they have secured ESD funding — particularly in areas on the outskirts of metropolitan areas," says Chris Barron, executive director of the State Firemen's and Fire Marshals' Association of Texas (SFFMA), which has more than 1,200 fire and EMS member departments and 21,000 members.

Barron cites Travis County as a prime example, which in recent years has moved from having just one paid fire department, the city of Austin's, to only a few of the county's 14 departments still using volunteers. Manchaca VFD, where Barron is fire chief, has paid firefighters on duty weekdays

Since 2002, the Rural Volunteer Fire Department Assistance Program has funded more than **1,400** fire trucks, **50,000** sets of protective gear and **38,000** places in training courses.

September 6, 2011, Bear Creek Fire, Cass County.



Photos courtesy of Texas Forest Service



Chris Barron  
Executive Director  
State Firemen's and Fire Marshals'  
Association of Texas

from 7 a.m. to 7 p.m., but relies on volunteers to respond to night and weekend calls.

"Manchaca [doesn't] have the funding to afford full-time paid staff," he says. "We got the ESD funding to replace equipment with stuff that actually worked. Now we are focusing on rebuilding the fire stations."

#### TRAINING BRINGS BENEFITS

Paid firefighters must complete training to become certified by the state, says Mark Roughton, the Texas Commission for Fire Protection's (TCFP's) public information officer. A certified firefighter must complete 468 classroom hours of fire and emergency training. From 2001 to 2010, TCFP's certified firefighters list rose substantially, from 18,378 to 29,138. This represents about half of all paid and volunteer firefighters in Texas, and includes thousands of certified volunteers.

**Almost 35,000 Texans are members of the state's volunteer fire departments and combined volunteer and paid departments.**

**"A number of volunteer departments [are] switching to a combination of volunteer and paid firefighters because they have secured ESD funding."**

— Chris Barron,  
executive director, SFFMA

"A pretty good number of people go through a paid fire academy and realize that, in this part of the state, there are precious few fire departments with paid openings," Perdue says, adding that many departments have dual fire and EMS responsibilities, and want recruits with emergency medical or paramedic training as well as firefighting skills.

"When a fire department says they won't talk to you until you have paramedic certification, these newly trained firefighters are looking for a place to go," he says.

That's good news for MWVFD and other departments that use volunteers. They can offer certified firefighters a place to gain valuable experience, a win-win situation for both parties.

"The recruit is getting valuable experience and a leg up on the competition, and the fire department is getting a trained person," Perdue says.

"There is no mandatory training for volunteers," Barron says.

"Firefighter training, if you go to Austin or another city, takes six months. SFFMA has a program for firefighters to attend classes in their spare time and be certified in different skills.

"It allows them not to quit work while becoming a career firefighter," he adds. "At the end of July each year, 2,500 firefighters come to College Station and go to fire school for the week."

#### INSURANCE COSTS

The type of fire protection available in a community can have a direct effect on property insurance costs.

"[A paid fire department] is a tremendous investment for a community," says Ed Salazar of the State Fire Marshal's office, the agency that investigates arson. "Although you could have a VFD that does the training and enforces code, and could theoretically rate as good as a paid department, it isn't normal."

Distance from a firehouse and the availability of working fire hydrants are the major factors used in calculating ISO Public Protection Classification (PPC) ratings. Lower PPC ratings translate to lower insurance premiums.

"A community that only has a volunteer fire department is more likely to have a higher PPC rating," Salazar says.

#### FIREFIGHTING NETWORK

Although fire protection is each community's responsibility, the Texas Legislature has long recognized the contribution departments can make outside their own service areas, and the need to help firefighters obtain better equipment.

"One of the main duties and roles the TFS plays is to build the capacity of others," Moon says. "With fire, that [involves] talking with a lot of communities and building the capacity of

#### TEXAS FIREFIGHTERS

Texas has more than 60,000 active firefighters, more than half of them volunteers.

TYPE	NO. OF DEPARTMENTS	PAID MEMBERS	ACTIVE VOLUNTEERS
Paid	139	19,541	42
Combo/Part Paid	292	181	7,260
Volunteer	1,497	7	27,499
Total	1,928	25,729	34,801

Source: Texas Forest Service



## TIFMAS GRANTS, 2011

THE TEXAS INTRASTATE FIRE  
MUTUAL AID SYSTEM MOBILIZED

**918**

**FIREFIIGHTERS**

FROM

**142**

**DEPARTMENTS**

TO FIGHT FIRES DURING THE  
SPRING 2011 WILDFIRE SEASON.

IN EXCHANGE FOR  
THEIR COMMITMENT TO HELP  
AS NEEDED, FIRE DEPARTMENTS  
RECEIVED THE FOLLOWING  
FROM TIFMAS IN ITS FIRST YEAR:

**16**

VEHICLES

**186**

TRAINING  
GRANTS FOR

**832**

STUDENTS

**12**

GRANTS FOR STRUCTURAL  
PROTECTIVE GEAR

**12**

GRANTS FOR  
PROTECTIVE GEAR

**4**

GRANTS FOR  
FIREFIGHTER AIR PACKS

Source: Texas Forest Service

first responders, volunteers and fire departments."

Since 2002, the Rural Volunteer Fire Department Assistance Program has funded more than 1,400 fire trucks, more than 50,000 sets of protective gear and more than 38,000 places in training courses.

MWVFD obtained a brush truck this way, very helpful for a department of its size, Perdue says.

"[Our] other three trucks are a 1976 and a 1984 held together with Band-Aids and baling wire, and a tender we bought seven years ago on a 'sweet-heart deal,'" he says. "[Neighboring] Parker County was buying 23 [trucks]; we tagged on with them and got what should have been a \$210,000 vehicle for \$185,000. We're paying \$15,500 every year on a bank loan for it. It will be paid in nine more years."

"Local fire departments are the first responders," Moon says. "When their capacity is exceeded because fires are too big or are threatening homes and communities, the state steps in to help. And once the state's resources are exceeded, we pull in federal help."

Beginning this year, the TIFMAS program has been allocating trucks to communities around the state in exchange for their departments' assistance in responding to large fires.

Joe Florentino is the Texas Forest Service's TIFMAS coordinator, as well as fire chief in the North Texas town of Little Elm.

"We're setting up a cadre of departments that can send personnel, typically for a seven-day response," he says. TIFMAS delivered 16 brush trucks in the first six months of 2011, each costing about \$100,000.

According to Florentino, the first eight trucks delivered in February were used extensively during the spring fire season; some departments were surprised by how quickly they were called upon to hold up their end of the arrangement. **FN**

Visit the Texas Forest Service website for ongoing updates on Texas wildfires at <http://txforests-service.tamu.edu>.

See  
**PAGE 14** for  
how you can  
help the  
victims of  
Texas wildfires.

### A TALE OF TWO DEPARTMENTS

Mineral Wells and its surrounding area are served by two fire departments, one paid and one volunteer, which operate from shared premises but have separate command structures, funding and service areas. Each provides backup for the other organization.

	MINERAL WELLS FD	MINERAL WELLS VFD
TYPE	Combination Fire/EMS	Volunteer Fire
CHIEF	Paid city employee	Retired teacher who also serves as paid Palo Pinto County fire marshal
PRIMARY RESPONSE AREA	City of Mineral Wells; approx. 40 square miles Countywide ambulance service	150 square miles (including city of Mineral Wells)
FIREFIGHTING PERSONNEL	14 paid firefighters/EMT or paramedics and chief	36 volunteers
BUDGET	\$1,844,123 (fiscal 2011) from city budget	\$56,000 from Emergency Service District property taxes + \$6,000 approx. from fundraisers/donations

Sources: Mineral Wells Fire Department and Mineral Wells Volunteer Fire Department

# Texas Wildfire Relief:

## WHAT YOU CAN DO TO HELP

*Dozens of charities and aid organizations are helping the victims of the disastrous 2011 wildfires. Please consult this list to find out where and how you can help.*

- The **American Red Cross of Central Texas** is responding to fires in its area; visit [www.centex.redcross.org](http://www.centex.redcross.org).
- The **Texas Forest Service** has established an **Emergency Assistance Fund** to help overextended volunteer fire departments. Donations are tax deductible and can be earmarked for particular departments, counties or regions. To learn more, visit <http://texasforestservice.tamu.edu/main/article.aspx?id=13348>.
- The **Texas Wildfire Relief Fund** supplies Texas firefighters with equipment, water, food and fuel; find out about its efforts at <http://txwildfirerelief.org>.

Also check with your local media outlets, faith groups and city and county officials to find out how you can help in your area.

BY DAVID BLOOM

# Gro

In 2000, as Boeing was in the final stages of weighing its decision to relocate its worldwide corporate headquarters, confidence was high in the city of Dallas.

When the aerospace giant made its long-awaited announcement — opting for Chicago over Big D — city leaders were left to wonder why they'd come in second. It felt like the city itself had been found wanting.

"One of the key factors in their decision was quality-of-life considerations, with recreational opportunities and a vibrant downtown a big part of that," says John Crompton, professor of Recreation, Parks and Tourism Sciences at Texas A&M.

In the wake of Boeing's brush-off, Dallas created a blue-ribbon commission to breathe new life into its urban center. The effort led to the creation of Main Street Garden at the east end of the city's downtown. Filling a full city block, the park is surrounded by historically significant buildings and serves as an inviting centerpiece for urban dwellers, with live music and a moonlight movie series.

During the past decade, corporate giants such as AT&T and Comerica





# W for the Green:

## *The Business Case for “Green Infrastructure”*

have moved to Dallas, drawn by the city’s and state’s pro-business environment — and by the city’s growing awareness that a “green” infrastructure can serve as a powerful lure.

### **GREEN VS. GRAY**

An urban region’s network of roads, utilities, buildings and parking lots create its “gray” infrastructure, while the green kind comprises open spaces, parks, trails and natural undeveloped land. When integrated into an organized system, green infrastructure provides recreational and natural areas that enhance quality of life.

Today’s city planners and policy-makers are taking a more strategic approach to the creation and use of green infrastructure.

And it’s not just because it’s nice to hug trees. It can mean big business.

Metropolitan areas hoping to attract and retain today’s knowledge workers cannot afford to view investments in green space as frills; they have become a central selling point for the skilled professionals who are in demand. “There’s a clear connection between economic development and parks,” Crompton says.

New York City, which Crompton says is leading the renaissance in city green spaces, has invested \$12.5 billion in its parks in the past 15 years. In addition to the world’s most famous urban green space, Central Park, Manhattan residents now can bike or run on a trail system that encircles the entire island.

But Texas’ business-driven cities are not far behind in leveraging green infrastructure as a competitiveness tool. Long-established urban treasures such as San Antonio’s Riverwalk and Austin’s Town Lake trail have been Chamber of Commerce selling points for years.

Crompton, who has served on recruiting committees at Texas A&M and interviewed candidates for senior positions, notes that of 87 interviewees he met, “not one asked about the tax rate in College Station. What they want to know about is the quality of life we have to offer.”

### **HOUSTON’S GREEN NETWORK**

In Houston, a century-old vision is finally coming into focus. More than a century ago, Arthur Comey, a Harvard-educated landscape architect who studied under the son of Central Park’s

creator, believed that Houston’s unique network of bayous could someday become an urban recreational resource to rival the Big Apple’s.

The \$490 million Bayou Greenway Initiative, which has enjoyed the early and enthusiastic support of business groups such as the Greater Houston Partnership and the Quality of Life Coalition, will give the city an enormous system of parks and trails spanning more than 300 miles along the 10 bayous running through Houston.

The project will take 10 to 15 years to complete and should have the added benefit of improving the quality of the city’s groundwater by creating more wetlands and retention areas to control flooding.

According to Crompton, urban parks must meet the needs of an increasingly active urban population. “Today, we use our parks to exercise and get from point to point,” he says.

So a network of far-reaching trails along water should prove extremely popular with a generation of Houstonians who prefer to hike, run, rollerblade, kayak or canoe through a park rather than merely go to a park to picnic. **FN**

Learn about things to do and see at the Dallas Main Street Garden at [www.mainstreetgarden.org](http://www.mainstreetgarden.org). Visit the Houston Parks Board at [www.houstonparksboard.org/projects/bayou\\_greenways\\_initiative.php](http://www.houstonparksboard.org/projects/bayou_greenways_initiative.php) for more information on the Bayou Greenway Initiative.

The \$490 million Bayou Greenway Initiative has enjoyed the early and enthusiastic support of business groups such as the Greater Houston Partnership and the Quality of Life Coalition.

Photos Courtesy of Houston Parks and Recreation Department



# Brief Bytes



## TEXAS A&M TAKES SECOND AT CYBER SECURITY COMPETITION

The old sports adage “defense wins championships” took on a new, literal meaning at the Fifth Annual National Collegiate Cyber Defense Competition (NCCDC) held in San Antonio in mid-April.

Texas A&M, one of eight universities competing to see which could run the most efficient and secure computer infrastructure, finished second to the University of Washington.

The NCCDC, founded by the Center for Infrastructure Assurance and Security at the University of Texas at San Antonio, challenges university teams to inherit an operational network from a fictional business and, with only a brief period allowed to learn the system, defend it from attacks by hackers.

In March, A&M edged Southern Methodist for the Southwest regional crown and a spot in the championship. The national competition, which began with five schools in 2005, featured 83 schools competing in eight regions this year.

(Mark Wangrin)

## TASK FORCE BALANCES ECONOMY WITH ECOLOGY

A statewide task force created in 2009 to protect endangered species while promoting economic development has completed a Texas Conservation Plan (TCP) for the dunes sagebrush lizard, whose range includes portions of West Texas’ oil patch.

The Texas Comptroller leads the Interagency Task Force on Economic Growth and Endangered Species, which also includes representatives of the Texas Department of Agriculture, the Texas Parks and Wildlife Department, the Texas State Soil and Water Conservation Board and the Texas Department of Transportation.

In December 2010, the U.S. Fish and Wildlife Service (FWS) initially proposed listing the dunes sagebrush lizard as endangered under the federal Endangered Species Act. According to the federal proposal, the species is in danger of extinction throughout its entire range in New Mexico and Texas due to habitat loss. In Texas, the dunes sagebrush lizard is found in several counties in the Permian Basin.

In May, the Comptroller submitted comments on the proposed listing to the FWS, expressing concern about the proposal due to a lack of research on the lizard’s habitat in Texas. This lack of detail raises concerns because of the potential impact an endangered species listing could have on the state’s energy industry.

According to the University of Texas of the Permian Basin, the Permian Basin area produces more than 1 million barrels of oil daily, 68 percent of Texas’ total oil production.

The FWS could make its decision on the lizard’s status as early as December 2011.

The interagency task force developed the TCP in cooperation with stakeholders in the Permian Basin area. If approved, it would provide a “safety net” for the oil and gas industry and other landowners, allowing for continued economic activity within the lizard’s habitat. The FWS has inaugurated a 60-day public comment period on the TCP that remains open until December 5, 2011.

This lizard is the first of dozens of species that will be reviewed for possible endangered species listing in Texas over the next several years. More than 100 species found in Texas are slated for action regarding critical habitat or review for listing.

Because of this large number of species, the 2011 Legislature approved legislation in its first called session that gives the Comptroller authority to take the lead in developing habitat protection measures such as the TCP for Texas.

To learn more about the impact of federal environmental regulation on Texas, visit the Comptroller’s Keeping Texas First website at <http://keepingtexasfirst.org>.

(Karen Hudgins)







For the seventh consecutive year, business leaders have selected the Lone Star State as the best state in which to do business, a recent survey by *Chief Executive* magazine revealed.

Texas has been in the top spot since the survey began in 2005. In 2011, North Carolina stayed in second place and Florida moved up three spots to No. 3. California ranked last for the seventh year in a row.

The website's annual ranking asks 500 chief executives nationwide to rank the states "the factors most essential for a business-friendly environment — as well as what states are doing to attract and retain companies in the increasingly competitive battle to win site selection." Criteria include taxes, workforce quality, regulation and living environment, among others.

Texas fared well in all categories important for business creation, and has the second-lowest tax rates in the nation, according to the magazine's analysis of the results. The state created 250,000 jobs in 2010, tops in the nation, and has the highest inward net migration rate of any state.

(Mark Wangrin)

Read *Chief Executive's* entire report at <http://chiefexecutive.net/best-worst-states-for-business>.

## TEXAS CITIES TOP FORBES' BEST FOR JOBS LIST

Texas dominated *Forbes* magazine's May 2011 Best Cities for Jobs rankings, with Austin topping the large metropolitan area category, El Paso taking the top spot for mid-sized metros and the Killeen-Temple-Fort Hood area ranking as top small city.

The rankings were based on trends in federal employment data reported from November 1999 to January 2011. According to *Forbes*, "no place displayed more vibrancy than Texas."

Texas cities accounted for four of the five top slots for large metro areas, with Houston-Sugar

Land-Baytown ranking third, San Antonio-New Braunfels taking fourth place and Dallas-Plano-Irving rounding out the list at fifth.

Texas also dominated the mid-sized metro list, with Corpus Christi and McAllen-Edinburg-Mission joining El Paso in the top five. And College Station-Bryan and Midland appeared with Killeen-Temple-Fort Hood in the small cities top five.

(Karen Hudgins)

See the rest of *Forbes'* best and worst cities for business at [www.forbes.com/sites/joelkotkin/2011/05/02/the-best-cities-for-jobs](http://www.forbes.com/sites/joelkotkin/2011/05/02/the-best-cities-for-jobs).

### BEST BIG CITIES FOR JOBS, 2011

CITY	RANKING
<b>Austin-Round Rock-San Marcos, TX</b>	<b>1</b>
New Orleans-Metairie-Kenner, LA	2
<b>Houston-Sugar Land-Baytown, TX</b>	<b>3</b>
<b>San Antonio-New Braunfels, TX</b>	<b>4</b>
<b>Dallas-Plano-Irving, TX</b>	<b>5</b>

### BEST MID-SIZE CITIES FOR JOBS, 2011

CITY	RANKING
<b>El Paso, TX</b>	<b>1</b>
<b>Corpus Christi, TX</b>	<b>2</b>
Anchorage, AK	3
<b>McAllen-Edinburg-Mission, TX</b>	<b>4</b>
Fayetteville-Springdale-Rogers, AR - MO	5

### BEST SMALL CITIES FOR JOBS, 2011

CITY	RANKING
<b>Killeen-Temple-Fort Hood, TX</b>	<b>1</b>
Bismarck, ND	2
<b>College Station-Bryan, TX</b>	<b>3</b>
<b>Midland, TX</b>	<b>4</b>
Dubuque, IA	5

Source: *Forbes*

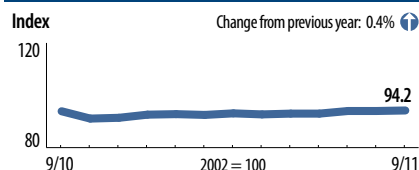
# Texas by the Numbers

For detailed statistics on the Texas economy, check the Comptroller's website at [www.TexasAhead.org](http://www.TexasAhead.org)

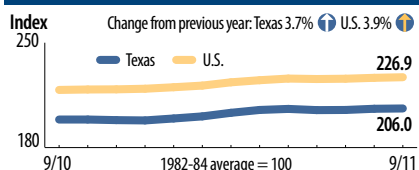
**Key Texas Economic Indicators** - Texas total nonfarm employment decreased by 20,600 jobs from August to September. Between September 2010 and September 2011, Texas gained 248,500 jobs, a 2.4 percent increase. Over the past year, Texas added jobs in nine of the eleven major industries sectors, including educational and health services, professional and business services, trade, transportation and utilities, leisure and hospitality, manufacturing and mining and logging.

## INDEXES

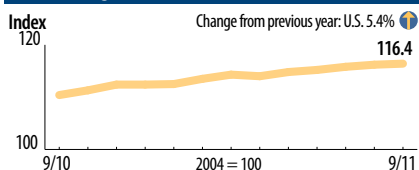
### Industrial Production Index



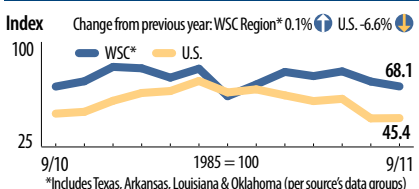
### Consumer Price Index



### U.S. Leading Economic Indicators Index

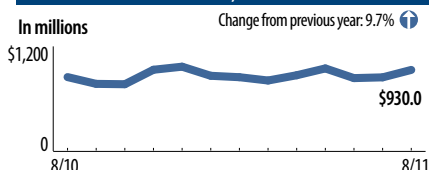


### Consumer Confidence Index



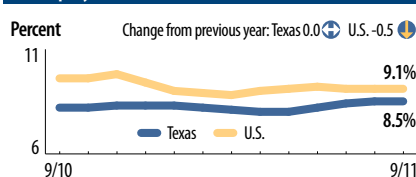
## SALES TAX

### State Sales Tax Collections, Retail Establishments

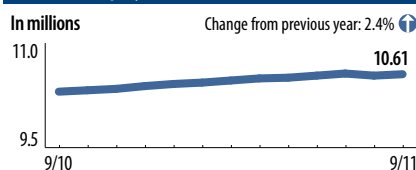


## EMPLOYMENT

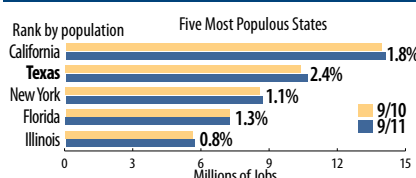
### Unemployment Rate



### Nonfarm Employment

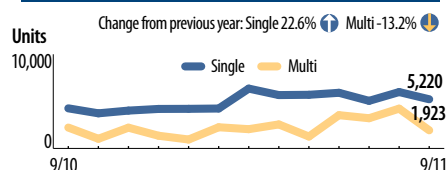


### Change in Nonfarm Employment

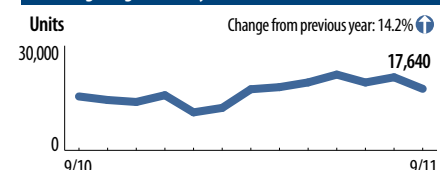


## REAL ESTATE

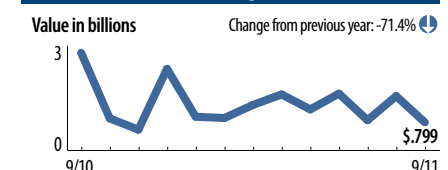
### Housing Permits



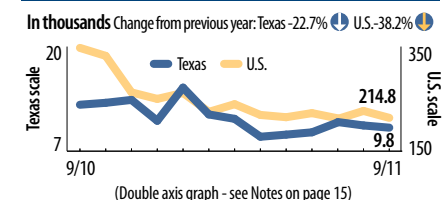
### Existing Single-Family Home Sales



### Texas Non-Residential Building Construction Contracts



### Mortgage Foreclosures



## Texas Production and Consumption Indicators

DATE	Crude Oil Production	Natural Gas Production	Active Oil & Gas Drilling Rigs	Motor Fuels Taxed		Median Sale Price, Existing Single-family Home	Auto Sales	Cigarettes Taxed
	Value (MILLIONS)	Value (MILLIONS)	Units	Gasoline (MILLIONS OF GALLONS)	Diesel	Dollars	Net Value (MILLIONS)	Packages of 20 (MILLIONS)
2009	\$18,380.2	\$10,021.3	5,178.0	993.0	289.7	\$144,792	\$34,792.6	949.9
2010	14,309.3	7,283.3	4,994.1	996.6	303.9	146,229	21,955.1	630.3
SEP-10	2,085.0	1,030.0	721	1,053.6	310.2	146,800	3,432.6	87.6
OCT-10	2,370.9	1,133.2	717	1,001.6	318.5	144,700	3,325.9	82.4
NOV-10	2,415.1	1,105.6	734	1,031.7	322.2	146,300	3,231.1	79.5
DEC-10	2,718.5	1,398.8	746	1,044.4	308.8	150,800	3,265.1	71.4
JAN-11	2,759.3	1,366.5	736	962.7	314.8	139,100	3,225.5	66.4
FEB-11	2,300.2	1,214.2	747	965.0	304.3	146,100	3,265.7	73.8
MAR-11	3,195.9	1,471.3	748	884.4	284.7	143,900	3,973.8	91.0
APR-11	3,396.7	1,621.9	789	1,039.3	336.7	145,300	3,422.1	85.2
MAY-11	3,357.1	1,756.3	822	1,006.6	321.3	149,700	3,152.2	85.0
JUN-11	3,091.0	1,687.8	839	1,026.9	322.7	154,200	3,810.1	88.7
JUL-11	3,164.0		858	1,013.5	335.5	153,000	3,757.6	67.1
AUG-11	2,852.6		885	1,016.9	306.2	153,000	4,245.8	83.7
SEP-11			897	1,036.9	341.6	148,900		119.2



August Cash Condition <sup>1</sup>			
(Amounts in millions)	General Revenue	Other Funds	Total Cash
<b>BEGINNING BALANCE AUGUST 1, 2011</b>	<b>\$4,247.60</b>	<b>\$26,057.0</b>	<b>\$ 30,304.60</b>
Revenue/Expenditures			
Revenue	7,126.1	3,326.7	10,452.8
Expenditures	6,862.1	2,857.1	9,719.2
Net Income (outgo)	\$264.0	\$469.6	\$733.6
Net Interfund Transfers and Investment Transactions	\$-1,882.2	\$-6,645.7	\$-8,527.9
Total Transactions	-1,618.2	-6,176.1	-7,794.3
<b>END CASH BALANCE AUGUST 31, 2011<sup>2</sup></b>	<b>\$2,629.4</b>	<b>\$19,880.9</b>	<b>\$22,510.3</b>

<sup>1</sup> Cash stated is from the Comptroller's Uniform Statewide Accounting System (USAS) and will vary from the amounts reflected in the cash accounts of the Treasury Operations Division of the Comptroller's office due to timing differences. Net amounts shown (less refunds) exclude funds that are authorized to be held outside the State Treasury and are not processed through USAS. Suspense and Trust Funds are included, as are unemployment compensation trust funds collected by the state but held in the Federal Treasury. Totals may not add due to rounding.

<sup>2</sup> The ending General Revenue Fund balance includes \$0 billion derived from the sale of cash management notes.

State Revenue/All Funds <sup>1</sup>			
(Amounts in millions)	Monthly Revenue	Fiscal Year-to-Date August 2011	
	August 2011	Revenue	% Change YTD/YTD
<b>TAX COLLECTIONS BY MAJOR TAX</b>			
Sales Tax	1,991.4	21,524.0	9.6%
Oil Production Tax	150.0	1,472.8	46.0
Natural Gas Production Tax	114.1	1,109.7	53.0
Motor Fuel Taxes	259.4	3,104.2	2.0
Motor Vehicle Sales Tax	317.1	2,981.4	13.4
Franchise Tax	164.3	3,932.1	2.0
Cigarette & Tobacco Taxes	197.0	1,559.5	12.3
Alcoholic Beverages Tax	73.5	865.0	6.9
Insurance Companies Tax	243.7	1,349.6	1.9
Utility Taxes <sup>2</sup>	113.6	457.7	-4.4
Inheritance Tax	0.0	1.8	2117.9
Hotel/Motel Tax	35.9	364.1	10.1
Other Taxes <sup>3</sup>	279.1	2,517.0	17.2
<b>TOTAL TAX COLLECTIONS</b>	<b>\$3,939.1</b>	<b>\$ 41,239.0</b>	<b>10.3%</b>
<b>REVENUE BY RECEIPT TYPE</b>			
Tax Collections	\$3,939.1	\$41,239.0	10.3%
Federal Income	3,552.0	42,159.7	1.7
Interest and Investment Income	65.8	1,218.9	-6.6
Licenses, fees, permits, fines,	956.8	8,040.7	15.4
Contributions to Employee Benefits	922.9	6,352.0	6.4
Sales of Goods and Services	41.1	283.1	-30.6
Land Income	87.9	1,461.8	92.2
Net Lottery Proceeds <sup>4</sup>	154.7	1,675.5	2.5
Other Revenue Sources	732.5	9,165.2	9.5
<b>TOTAL NET REVENUE</b>	<b>\$10,452.8</b>	<b>\$111,595.8</b>	<b>7.1%</b>

<sup>1</sup> Excludes revenues for funds that are authorized to be held outside the State Treasury and are not processed through USAS. Totals may not add due to rounding.

<sup>2</sup> Includes the utility, gas utility administration and public utility gross receipts taxes.

<sup>3</sup> Includes the cement and sulphur taxes and other occupation and gross receipt taxes not separately identified.

<sup>4</sup> Gross sales less retailer commissions and the smaller prizes paid by retailers.

## NOTES:

Crude oil and natural gas figures are net taxable values. Gasoline gallons include gasoline. Auto sale values are calculated from motor vehicle taxes collected on new and used vehicle sales. All figures are seasonally adjusted, except for sales tax collections; rigs; consumer price; housing permits/sales/prices; and consumer confidence. Figures are based on the most recent available data. Annual figures are for calendar years. [† Double axis graphs: Graphs with two vertical axes show values for Texas on the left and values for the U.S. on the right. This method shows trends more clearly over the last year when data values are substantially different at state and national levels.]

## SOURCES:

### KEY TEXAS ECONOMIC INDICATORS:

Consumer Price Index, Change in Nonfarm Employment: U.S. Bureau of Labor Statistics

Consumer Confidence Index: The Conference Board

Leading Economic Indicators Index: Texas Comptroller of Public Accounts, The Conference Board

Unemployment Rate: Texas Workforce Commission, U.S. Bureau of Labor Statistics

Nonfarm Employment: Texas Workforce Commission

State Sales Tax Collections, Retail Establishments: Texas Comptroller of Public Accounts

Housing Permits, Existing Single-family Home Sales: The Real Estate Center at Texas A&M University

Industrial Production Index: Federal Reserve Bank of Dallas

## State Expenditures/All Funds<sup>1</sup>

(Amounts in millions)	Monthly Expenditures	Fiscal Year-to-Date August 2011	
	August 2010	Expenditures	% Change YTD/YTD
<b>BY OBJECT</b>			
Salaries and Wages	\$711.2	\$10,468.8	-0.8%
Employee Benefits/Teacher Retirement Contribution	980.8	10,523.8	4.0
Supplies and Materials	108.5	1,036.3	2.8
Other Expenditures	428.1	3,813.5	15.3
Public Assistance Payments	4,016.0	46,381.8	2.1
Intergovernmental Payments:			
Foundation School Program Grants	1,717.4	17,674.7	8.5
Other Public Education Grants	2,179.2	7,536.1	-1.0
Grants to Higher Education	98.5	1,197.7	3.6
Other Grants	249.8	3,134.0	0.5
Travel	12.7	148.9	-4.3
Professional Services and Fees	305.5	2,334.0	3.9
Payment of Interest/Debt Service	34.4	1,027.4	16.1
Highway Construction and Maintenance	320.7	3,774.0	12.0
Capital Outlay	52.6	549.0	-4.8
Repairs and Maintenance	104.0	840.9	9.5
Communications and Utilities	52.4	508.4	5.8
Rentals and Leases	13.3	270.8	0.8
Claims and Judgments	9.2	108.3	-14.6
Cost of Goods Sold	40.1	493.1	16.8
Printing and Reproduction	2.3	38.6	-14.7
<b>TOTAL NET EXPENDITURES</b>	<b>\$9,719.2</b>	<b>\$111,860.2</b>	<b>3.6%</b>
<b>BY FUNCTION</b>			
General Government			
Executive	\$767.5	\$7,105.2	13.4%
Legislative	10.6	131.1	-7.5
Judicial	23.0	275.2	7.9
Subtotal	801.2	7,511.6	12.7
Health and Human Services	3,744.2	44,189.3	15.6
Public Safety and Corrections	315.2	4,704.1	-6.7
Transportation	565.3	5,990.4	-11.4
Natural Resources/Recreational Services	153.9	1,813.4	-12.4
Education	2,848.0	32,661.8	-1.9
Regulatory Agencies	37.6	368.8	0.0
Employee Benefits	800.5	8,745.9	12.0
Debt Service—Interest	40.8	884.6	-12.1
Capital Outlay	58.8	576.9	19.0
Lottery Winnings Paid <sup>2</sup>	68.0	486.7	-0.9
<b>TOTAL NET EXPENDITURES</b>	<b>\$9,433.6</b>	<b>\$107,933.5</b>	<b>5.6%</b>

<sup>1</sup> Excludes expenditures for funds that are authorized to be held outside the State Treasury and are not processed through USAS. Totals may not add due to rounding.

<sup>2</sup> Does not include payments made by retailers. Previously shown as "Other expenditures."

Some revenue and expenditure items have been reclassified, changing year-to-date totals. The ending cash balance is not affected because changes reflected in "total net revenues" and "total net expenditures" offset changes in "net interfund transfers and investments transactions" in the cash condition table.

Revenues and expenditures are reported for the most recent month available and as a running total for the current fiscal year-to-date. In addition, year-to-date figures are compared with the same period in the last fiscal year. These comparisons are reported as percentage changes, which may be positive or negative (shown by a minus sign).

Trust fund transactions are included within revenues and expenditures in the "all funds" presentations. Trust funds are not available to the state for general spending.

Contract Value, Non-Residential Building Construction: McGraw-Hill

Mortgage Foreclosures: RealtyTrac

### TEXAS PRODUCTION AND CONSUMPTION INDICATORS:

Crude Oil, Natural Gas, Motor Fuels, Auto Sales, Cigarettes: Texas Comptroller of Public Accounts

Active Oil & Gas Drilling Rigs: Baker-Hughes Incorporated

Median Sale Price, Existing Single-family Home: The Real Estate Center at Texas A&M University

# Texas' Trillion-Dollar Economy among Nation's Fastest-Growing

**A**ccording to a recent analysis of federal data by the investor news site 24/7 Wall Street, Texas ranked among the nation's 10 fastest-growing state economies between 2000 and 2010, finishing with a gross domestic product (GDP) of \$1.1 trillion. Texas was the only one of the 10 largest states to register in the top 10 for GDP growth.

The site noted that growth figures tend to be more dramatic for small states, where "[a] very modest growth in absolute GDP can translate into high double-digit growth.... The only large state economy that was marked by that level of growth was Texas, the second-largest state by GDP."

## THE 10 FASTEST-GROWING STATE ECONOMIES

Rank	State	Percent Growth in GDP, 2000-2010
1	Wyoming	98.5%
2	North Dakota	76.1
3	Alaska	66.6
4	South Dakota	57.0
5	Utah	52.1
6	<b>TEXAS</b>	<b>52.1</b>
7	Nevada	51.4
8	Montana	48.9
9	Oklahoma	48.4
10	Louisiana	48.4

## THE 10 SLOWEST-GROWING STATE ECONOMIES

Rank	State	Percent Growth in GDP, 2000-2010
10	New Jersey	27.2%
9	Indiana	26.2
8	Wisconsin	25.9
7	New Hampshire	25.4
6	Illinois	25.2
5	Georgia	24.4
4	Massachusetts	24.4
3	Missouri	23.0
2	Ohio	14.5
1	Michigan	2.3

Source: 24/7 Wall Street

**Susan Combs**  
Texas Comptroller of Public Accounts



**Fiscal Notes** is one of the ways the Comptroller's office strives to assist taxpayers and the people of Texas. The newsletter is a by-product of the Comptroller's constitutional responsibilities to monitor the state's economy and to estimate state government revenues.

**Fiscal Notes** also provides a periodic summary of the financial statements for the state of Texas.

Articles and analysis appearing in **Fiscal Notes** do not necessarily represent the policy or endorsement of the Texas Comptroller of Public Accounts. Space is devoted to a wide variety of topics of Texas interest and general government concern.

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